

Introduction to Contracting:

Contract Modifications

Learning Objectives

Participants should be able to answer these questions -

- *What is a contract modification?*
- *What are the different types of mods?*
- *What are the different kinds of mods?*
- *What are the different classes of mods?*
- *How do I write a good modification?*

What is a Contract Modification?

- FAR 2.101:
A contract modification is any written change in the terms of the contract.
- A contract cannot be changed verbally
 - It must be in writing.
- You can *imply* a change verbally.
 - Therefore, you must be very careful when talking to contractors.

Types of Contract Modifications

- Only two types:
 - UNILATERAL
A contract modification signed only by the contracting officer. (E.g., administrative changes)
 - BILATERAL
A contract modification signed by the both the contractor and the contracting officer. (E.g. supplemental agreement)

Kinds of Contract Modifications

- There are only two kinds of mods:
 - Contract Administrative Office issued
 - These are “A” mods (E.g., A00001, etc)
 - Contracting Office Issued
 - These are “P” mods (E.g., P00001, etc)
 - Includes mods issued by the TCO

Classes of Contract Mods

- There are three classes of mods:
 - Administrative
 - Unilateral
 - Authority derived from clauses in the contract or statute
 - Other Agreements
 - Bilateral
 - Negotiated changes to the contract
 - Change Orders
 - Specialized contract modification

Change Orders

- Based upon Changes Clause in contract
 - Issued unilaterally
 - Contractor obligated to perform
 - Applicable only to “in scope” changes in certain areas
 - Government provided specification
 - Method of shipment or packing
 - Place of delivery
 - If cost impact, include NTE and dollars
 - Negotiate equitable adjustment and definitize

Writing Good Modifications

- Step 1 – Get organized
 - List out by contract area all the changes
 - Write a one sentence “Purpose” statement
- Step 2 – Filling in the SF 30
 - Mod number
 - Basic Contract – six digit alphanumeric identifier
 - Order – two digit alphanumeric
 - Special mod numbers (See DEARS 204.71)
 - Get the right number (R2M, ACP⁸ & NAFI)

Writing Good Modifications

- SF 30 (Cont'd)
 - Authority
 - Clause in the Contract
 - Terminations clause
 - Option
 - Statutory Authority
 - J&A Authority (10 USC 2304(c)(1))
 - General Authority
 - Title 10 USC, Chapter 137 (????)
 - FAR 43.103(a) or (b)

Writing Good Modifications

- Body of the Modification
 - Keep changes separate and distinct
 - Make changes in order
 - Use “correct” when you mean correct
 - Use “change” when you man change
 - Restate as necessary
 - Use “From... To...” format
 - Summarize dollars

Writing Good Modifications

- Substituting pages
 - Use when large sections of the contract are being revised
 - Mark changes
 - Use alpha-character to maintain page number
 - Identify mod number at the top right
 - Write “THIS IS A REPLACEMENT PAGE” on the bottom

Writing Good Modifications

- Get adequate consideration
 - Changes may require consideration
 - Monetary
 - Delivery
 - Additional work
- Payment instructions
 - When adding funds – think about payment
- Clarity – make your changes crystal clear